

MINUTES OF THE REGULAR MEETING
City of Aurora General Employees' Retirement Board

Held Thursday, March 16, 2017
12100 East Iliff Avenue, Suite 108
Aurora, CO 80014

1) 8:00 AM - Meeting Called to Order

Roll Call

Chairperson	David McConico	Present
Legislative Members	Helen DiBartolomeo	Present
	Cliff Haight	Present
	Joe McCleary	Present
	Michelle Reding	Present
	Sue Sandstrom	Present
	Trevor Vaughn	Present
Nonvoting Members	Janice Napper (for Skip Noe, City Manager)	Present
	Jackie Ehmann (for Terri Velasquez, Finance)	Present
	Dan Quillen (Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Thomas Connell	Present
	Aaron Kahn	Present

2) Approval of the Minutes

Trevor Vaughn moved and Michelle Reding seconded a motion to approve the minutes of the regular meeting on February 16, 2017 and the investment managers meeting held on February 23, 2017. The motion passed unanimously.

3) Treasurer's Report

Tom Connell reviewed the financial statements for January 2017. As of March 14, 2017, the fund was valued at approximately \$434.1 million.

Tom explained to the Board that GERP's new investment in Western Asset Management Core Plus is in the form of a collective investment trust. Unlike a mutual fund, a CIT retains and reinvests income that is generated and does not make distributions. So GERP financial statements will show less interest income and higher unrealized appreciation starting in February.

4) Review of Lump Sum Distributions for February

Eleven participants received lump sum payments totaling \$73,363.53.

5) **Approval of Retirement Benefits**

Aaron Kahn presented the retirement calculations. Michelle Reding moved and Sue Sandstrom seconded a motion to approve retirement benefits for **Lisa G. Darling, Barry L. Dunbar, Heidi L. Graham, Karen L. MacDonald, Alden R. Salazar and Teresa J. Wilson**. The motion passed unanimously.

Public Comments

There were no public comments.

6) **Old Business**

There was no old business.

7) **New Business**

A) **Actuarial Assumptions and Methods Review**

Joel Stewart and Katie Antoline, Milliman, Inc.

Joel Stewart presented an analysis of GERP's current actuarial assumptions and methods, including mortality, termination of employment, retirement rates, benefit elections, disability, inflation, investment return and salary increases.

For the mortality assumption, Milliman's recommendation is to keep the current assumption. The Society of Actuaries is about to conduct a study that looks closely at public pension plan data and the Plan can incorporate this additional information at their next formal review.

Joel recommended that the Plan address the termination of employment and retirement rates, benefit elections and disability rates after the next experience study is completed.

He suggested that both the inflation and the investment return assumptions are high. Milliman's recommendation for inflation is 2.5%, with 2.75% considered reasonable. He also suggested a net real return assumption of 4%, noting that 4.5% would also be reasonable.

Board members were interested in the impact of possible assumption changes on Plan liabilities. They requested that the actuary provide projections based on return/inflation assumptions of 7.75%/3.25%, 7.50%/3.00%, 7.25%/3.00% and 6.75%/2.75%. Sue Sandstrom emphasized that the Board's ultimate decision has to be based on real, justifiable expectations and not on the resulting unfunded liability.

Trevor Vaughn asked whether some of the assumptions specified in the Plan document would require an ordinance change. Tom explained that the interest, cost of living and mortality factors defined in the Plan document are used to calculate alternate forms of benefit payments and require City Council approval, but the Board has the authority to set the assumptions used in the actuarial valuation. Historically, the

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Board has asked Council to adjust the benefit payment factors after new valuation assumptions have been adopted, so the timing of the two changes can be different.

8) Report on Travel

David McConico attended the Investment Education Symposium presented by the Louisiana Trustee Education Council. The symposium addressed the role of the fiduciary in public plans. David emphasized that a fiduciary of a pension plan must advocate for realistic actuarial assumptions.

9) Staff Report

Tom noted that the auditor and actuary are on schedule to present their annual reports at the April meeting. Tom also discussed his work with BKD on GASB 72 which addresses standards for the fair value of assets.

Tom thanked Jackie Ehmann for assisting GERP staff with benefit payment processing during his absence.

Joe McCleary moved and Trevor Vaughn seconded a motion to adjourn. The motion passed unanimously.

Meeting Adjourned 10:20 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David L. McConico
Chairperson of the Board

4-20-17
Date